

# Liberty Two Degrees to gear up for acquisitions

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8 Dec 2016

Liberty Two Degrees, the highly anticipated new property listing, plans to make significant acquisitions as early as the first quarter of 2017 as it looks to provide strong returns in a slow economy.



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The real estate investment trust (Reit) was listed on Tuesday, 6 December, by the Liberty Group, giving investors exposure to portions of some of the best performing and most resilient shopping centres in SA.

The Reit's assets are valued at R8.6bn - R6bn worth of real estate and cash of R2.6bn. The R6bn makes up roughly a fifth of Liberty's R30bn property portfolio. Investors in the fund will have exposure to portions of Liberty's interests in iconic retail assets like Sandton City, Nelson Mandela Square, Melrose Arch and Eastgate.

CEO Amelia Beattie said Liberty was working on various additions for the fund.

"We want to grow this fund while providing consistent returns for investors, and we are going to be active from the get go," she said.

"I think having exposure to such reliable, resilient assets like these is especially desirable in a slow growth economic environment. Listing this portfolio not only unlocks value for existing policyholders but also provides an alternative investment

opportunity to investors and policyholders with an appetite for premium property assets in the listed environment."

Investors would receive rewards based on the amount of each asset which Liberty owned. So if the Liberty group owned 100% of an asset, Two Degrees' shareholders would receive 22% of the income paid out from that asset.

This would be the case with Eastgate shopping centre. In the case of Sandton City, where Liberty owns 75%, Two Degrees investors would receive 16.5% of the income paid out from the shopping complex.

On listing, about R3.8bn was raised, comprising R3bn at a listing price of R10 to invited investors, and R780m from the Liberty Group, using new policyholders' funds, who subscribed at a 5% discount to the listing price.

After listing at R10, Liberty Two Degrees' share price closed 5% higher at R10.50.

Larger portions of the properties in the Liberty Group's overall R30bn portfolio and its pipeline, which includes African developments, could be brought into Liberty Two Degrees in the future, according to Beattie.

Garreth Elston of Alternative Real Estate Capital Management said Liberty Two Degrees was a strong addition to the JSE.

"We like Liberty Two Degrees a great deal. We view the company as a collection of exceptional assets managed by a very competent team, that we believe will deliver steady income and measured growth over the long term. Sandton City is arguably the pre-eminent retail property in SA. The rest of its holdings are very good too."

*Source: Business Day*

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